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In the

Supreme Court of the United States.

OCTOBER TERM, 1942.

No. 290

AMERICAN ANODE, Inc.,
Petitioner,

v.

DEWEY & ALMY CHEMICAL COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT
AND
BRIEF IN SUPPORT OF PETITION.

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PETITION.

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your petitioner, American Anode, Inc., respectfully prays that a writ of certiorari in due form be issued directed to the Circuit Court of Appeals for the Third Circuit to review a judgment rendered by that Court in the above-entitled case on July 13, 1943, reversing a judgment of the District Court for the District of Delaware, dated November 28, 1942, which granted petitioner's motion for a summary judgment dismissing the complaint in a suit for declaratory judgment.

The opinion of the Court of Appeals appears at Tr. p. 38. The opinion of the District Court appears at Tr. p. 26 and is reported at 47 Fed. Supp. 921.

The jurisdiction of this Court to review said judgment of the Court of Appeals is conferred by Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925.

SUMMARY STATEMENT OF MATTER INVOLVED.

(1) This suit was brought by respondent against petitioner in the United States District Court for the District of Delaware, purporting to be founded on the Declaratory Judgment Act, Section 274d of the Judicial Code (28 USC, Section 400) and sought a declaratory judgment to the effect that two United States patents owned by petitioner (No. 1,825,736 to Klein and Szegvari and No. 1,996,051 to Twiss), are invalid or have not been infringed by respondent. The patents relate to a so-called "coagulant-dip" process for the manufacture of form-shaped rubber goods from latex.

The complaint as first amended (Tr. p. 3) describes three processes alleged to have been practiced by respondent. Subsequently, the complaint was again amended to state that the first of these processes "is now in commercial use" and that the second and third processes are "not now in use" but that the respondent intends to use them when materials are available (Tr. p. 24). An affidavit filed by respondent at the time of this amendment asserted that the first process was in use exclusively for the manufacture of articles for the United States Government, and that use of one of the other two processes had then been resumed for a like purpose (Tr. p. 23).

The complaint was filed on July 20, 1942, almost immediately following a decision of the District Court for the Northern District of Illinois, Eastern Division (Campbell,

J.) rendered July 1, 1942, which held the patents valid and infringed in a suit by petitioner against a concern with which respondent is in no wise connected, the Lee-Tex Rubber Products Corporation (45 Fed. Supp. 750).*

(2) The Declaratory Judgment Act, 48 Stat. 955, Judicial Code, Sec. 274d, 28 U.S. Code, Sec. 400, so far as here pertinent, reads as follows:

> "In cases of actual controversy (except with respect to Federal taxes) the courts of the United States shall have power upon petition, declaration, complaint, or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration."

(3) Petitioner filed a motion under Rules 56(b) and 56 (c) of the Rules of Civil Procedure for a summary judgment dismissing the complaint (Tr. p. 32) on the ground that there had been no controversy between the parties, the motion being supported by an affidavit of petitioner's president, Raymond W. Albright (Tr. p. 34).**

The Albright affidavit is summarized in the opinion of the Circuit Court of Appeals as follows (Tr. p. 39):

> "Albright deposed that prior to this suit defendant [petitioner] had not charged plaintiff [respondent] with infringement of the said patents nor threatened plaintiff with any suit for infringement; that prior to reading the complaint in this case defendant had no knowledge or reason to know that plaintiff was using

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* This decision was affirmed by the Circuit Court of Appeals for the Seventh Circuit on May 28, 1943, after the argument of the present case before the Court of Appeals (Opinion reported 58 U.S.P.Q. 7).

** Petitioner also filed a motion to dismiss (Tr. p. 32) but consideration of this motion became unnecessary because the District Court granted the motion for summary judgment.

> or had used any coagulant-dip process commercially; that back in 1937 plaintiff opened negotiations with defendant for a license under the patents; that during these negotiations plaintiff informed defendant that plaintiff was not using any coagulant-dip process but 'that they might like a license under our patents so that they could, if they chose, use a coagulant-dip process for the manufacture of other types of goods for which such a process might be better suited'; that negotiations broke down through inability of the parties to agree upon license terms; that Albright wrote to plaintiff in November, 1937, that if at a later date 'you find you wish to work under our process and patents, we would be glad to discuss the matter with you again'; that thereafter he heard nothing further from plaintiff on the subject, 'and was greatly surprised when this complaint was filed'."

In opposition to the motion for summary judgment, respondent filed two affidavits of its patent attorney Theodore C. Browne, which *did not dispute in any respect the statements of the Albright affidavit.* (The substance of these Browne affidavits is stated in the opinion of the Court of Appeals herein at Tr. p. 39).

(4) The basis for the District Court's decision granting petitioner's motion for summary judgment of dismissal (Tr. p. 31) is stated in the District Court opinion as follows:

> "One seeks in vain among the proofs for written or spoken words, or affirmative conduct on the part of defendant which could be interpreted as a claim that its patents are being infringed by plaintiff. And nothing short of such proof will suffice.
>
> . . . . . .
>
> "Nor does defendant's suit against a different and

wholly independent infringer constitute a threat to plaintiff here.

"To me it is clear that there is no actual controversy between the parties to this suit. Defendant will have summary judgment." (Tr. p. 30.)

The District Court supported its decision by reference to Borchard, Declaratory Judgments (2d Ed.), 1941 (*infra*, p. 11) and to three District Court decisions, *Thermo-Plastics Corp.* v. *International Pulverizing Corp.*, 42 Fed. Supp. 408, D.C. N.J. (*infra*, p. 11); *Meinecke* v. *Eagle Druggists Supply Co.*, 19 Fed. Supp. 523, D.C. S.D. N.Y. (*infra*, p. 12); and *Maurer & Sons Co.* v. *Andrews*, 30 Fed. Supp. 637, D.C. E.D. Pa. (*infra*, p. 18).

(5) The Court of Appeals (Opinion, Tr. p. 38), reversed the District Court's decision upon the ground that the mere fact that petitioner had theretofore brought suit for infringement of its patents against *another, entirely unassociated, manufacturer,* the Lee-Tex Company (*supra*, pp. 2-3), established the existence of an "actual controversy" between respondent and petitioner concerning the validity of the patents and infringement by the procedures set forth in the complaint, these being alleged to be similar to those involved in the *Lee-Tex* case. The gist of the Court's decision is contained in the following portions of its opinion:

"It may be conceded that 'the mere existence of the patent is not a cloud on title, enabling any apprehensive manufacturer to remove it by suit'. Borchard, *ibid.* [Borchard, Declaratory Judgments (2d Edition) p. 807].

"Here there is more than that. The patentee has used its patents as an economic weapon against other alleged infringers who declined to take a license. In its suit against the Lee-Tex Company, Anode has asserted that the coagulant-dip process practised by that

company constitutes an infringement. It is not denied that Anode has thus publicly asserted such a scope for its patent claims as to embrace the similar methods practised commercially by Dewey & Almy. We think this assertion evidences the existence of a substantial controversy between Anode and Dewey & Almy (parties manifestly having adverse legal interests), 'of sufficient immediacy and reality to warrant the issuance of a declaratory judgment'. *Maryland Casualty Co.* v. *Pacific Coal & Oil Co., supra,* [312 U.S.] at p. 273" (Tr. p. 41).

. . . . . .

"The fact that Anode did not learn until the present complaint was filed that Dewey & Almy was practising the coagulant-dip process commercially does not negative the existence of a case of actual controversy between them. If Anode had published a printed notice or circular asserting that use of the described coagulant-dip processes constitutes an infringement of its patents this would undoubtedly mark the existence of an actual controversy between the patentee and all persons who engaged in practising the process, whether they were known to the patentee or not. . . . Anode's suit against the Lee-Tex Company, with the broad scope asserted therein for its patent claims, constitutes equally effective notice to whom it may concern that they practise the process at their peril. In thus using the patent as a legal as well as an economic weapon Anode has put Dewey & Almy in the position where it must either (1) abandon the use of the process, (2) accept a license on terms which it deems disadvantageous, or (3) persist in piling up potential damages against the day when it may fit Anode's purposes to bring an infringement suit against it.

> *"Though there is no decided case applying the Declaratory Judgment Act in a situation quite on all fours with the present,* we think that the facts here disclosed bring the case within the scope and intendment of the Act and therefore that the court below had jurisdiction to entertain the complaint." (Tr. p. 43; italics ours.)

It will be observed that the Court concedes that its decision is without exact precedent in the authorities.

The Court further recognized that its decision here called for modification of its view of the law as theretofore expressed in *Treemond Co.* v. *Schering Corp.*, 122 Fed. (2d) 702, saying (Tr. p. 41):

> "This court said in the *Treemond* case, *supra,* at p. 705, that an 'actual controversy' within the meaning of the Act 'does not exist until the patentee makes some claim that his patent is being infringed'. Perhaps this statement should be qualified so as to admit the possibility of declaratory judgment where the patentee has claimed that the manufacture of a certain product or the practising of a certain process would constitute an infringement and a person who is about to engage in such alleged infringing conduct seeks a declaration of his right to do so."

QUESTIONS PRESENTED.

On the foregoing state of facts, the following questions are presented, all involving the scope and intent of the Declaratory Judgment Act:

(1) May suit for declaratory judgment of invalidity or non-infringement of a patent be maintained against a patent owner by a plaintiff who has never been charged with infringement, merely because the patent owner has brought suit on his patent against another who was practising a

process similar to that in which the plaintiff is engaged, but who is in no wise connected with the plaintiff? Is there any valid distinction between such a case and a case in which the patent owner has not charged anyone with infringement of his patent, but by the act of taking out his patent has asserted a monopoly of that which it purports to cover?

(2) Is there a controversy, within the meaning of the Declaratory Judgment Act, when the patent owner not only had advanced no claim against the plaintiff in the declaratory judgment proceeding but also had no knowledge or notice, actual or constructive, of the plaintiff's infringement or intended infringement? If so, is there such a controversy as to practises which the plaintiff is not using but says he intends to use?

(3) If there is jurisdiction of a suit for declaratory judgment of invalidity or non-infringement of a patent under the circumstances of this case, is the exercise of that jurisdiction a matter within the discretion of the District Court?

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The reasons advanced for allowance of the writ are:

(*a*) The Circuit Court of Appeals, by its decision herein, has decided important questions of federal law, involving jurisdiction of suits under the Declaratory Judgment Act, which have not been, but should be, settled by this Court.

(*b*) The questions raised vitally concern the patent system.

(*c*) The decision of the Circuit Court of Appeals is not supported by any precedent.

(*d*) Unless this Court reviews the Court of Appeals' decision, that decision will stand as representing the law for an indefinite time, for it will be followed by all district courts,

and appeals do not lie from interlocutory decrees sustaining jurisdiction.

Respectfully submitted,

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